

**A CORRECT DETAIL
OF THE
FINANCES OF THIS COUNTRY,**

TO WHICH IS ADDED,

An History of the RISE, PROGRESS, and PRESENT STATE of the

Bank of England, &c.

PRICE ONE SHILLING.

Entered at Stationers' Hall.

A CARD OF THANKS

TO THE

MEMBERS OF THE COMMITTEE

FOR THE

REDEMPTION OF THE



FOR THE

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A CORRECT DETAIL
OF THE
FINANCES OF THIS COUNTRY,

AS REPORTED BY

THE SECRET COMMITTEE,

Appointed by the House of Commons, on the Motion of the

Rt. Hon. Wm. PITT,

Including an Account of the Expenses attending this

WAR,

And the SEVERAL REMITTANCES to the

Emperor of Germany;

Also, a Statement of the SUMS which will be necessary for the Service of the
ensuing Year;

TO WHICH IS ADDED,

An History of the ORIGIN, PROGRESS, and PRESENT STATE of the

BANK OF ENGLAND;

With Observations upon the late Stoppage of Payment in CASH, and a Retrospect of the

CIRCULATION OF NOTES,

From the End of the SIXTEENTH CENTURY to the PRESENT PERIOD.

BY CHARLES HALES, Esq.

Author of the *Bank Mirror*.

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THE SECRET COMMITTEE



DETAIL OF THE FINANCES, &c.

A STATEMENT of the Public Finances, though comprehended thoroughly by few, forms a subject with which a considerable part of society wish, in some degree, to be acquainted, especially at a period like the present.

A pamphlet from the pen of a noble Earl, on the subject of Finance, is full of invective against Ministry. Declamation, however, from private pique, or prejudice, is not very seriously attended to.

After some general remarks upon the public expenditure, and a variety of observations upon public credit, his Lordship, with a tenfold vengeance, attacks the Premier upon the subject of foreign remittance, and the accumulation of unfunded debt.

The noble writer observes, that we have to contemplate the vaulting genius that displayed itself in the success of Lord Chatham, breaking forth in the enormity of the constitutional infringements of his son; that the national credit, which used to be the object of our pride, is now the theme of our lamentation; that in good times the boldest of our Ministers would, under such circumstances, have trembled to meet the real representatives of the people; but that, "the present Minister was too well ac-

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quainted

quainted with the Parliament he had recently formed, to feel any such anxiety."

There is nothing easier than to point out errors, nor any thing nobler than to conceal them, when not the result of vice. Jealousy, however, or envy, or disappointment, giving scope to its spleen, abandons all truth and candour.

Malice is infinitely alert when meeting with a plausible disguise. The features of his Lordship's subject are unembellished with that dispassionate and candid way of arguing, without which they can make no great impression upon discerning minds.

The noble Earl acknowledges, "that on no subject have prophecies oftener proved fallacious than on the result of measures of Finance." Who then can say that, in the gloomy picture which he draws of what *will* happen in consequence of present measures, he himself is not a fallacious prophet?

Whether the entering into the present war was necessary or not necessary, I presume not to give an opinion; but this I will assert, that the men who, with such an appearance of zeal, express their wishes for a restoration of peace, are the very men who obviate it. The exposure of the weakness of our country, whether real or imaginary, invigorates the measures of the enemy: the efforts therefore of these men to perplex and harass administration, in the hour of danger, when all the vigour and energy of the faculties,

faculties, all the powers and exertions of the mind, are requisite for the public safety, betrays more unmanly jealousy and disappointed malice, than that public virtue by which they pretend to be actuated.

The shades in the human character, who fills an exalted station, or who moves in an humbler sphere, should be generously attributed to infirmities inseparable from our very nature.

The most informed and best-cultivated understandings, the most distinguished and enlightened intellects, are liable to error. An exposition, then, of error, supposed to be committed by our Statesmen, when hosts of enemies are meditating our ruin, manifests a disposition callous to every liberal sentiment, and depraved in every point of view.

There are men, I am sorry to say, who apparently exult in the victories of the French; who see not the laurels due to our own gallant countrymen, who are aware not of the spirit of a Pellew, and who know not the ardor of Jervis.

The superiority of our fleets over those of the enemy, and the vigilance of their several commanders, afford them no pleasure; the prosperity of our commerce yields them no satisfaction; nor do the care and attention of the King's servants, to which such prosperity is owing, appear to them any objects of commendation.

It was by the spirit and wisdom of Administration, that numerous and dangerous associations, upon democratical principles, were suppressed: and similar exertions may be crowned with such advantages over our natural foes, as may bring the war to an happy and honourable conclusion.

Let us not then be misled by party declamations unactuated by any real integrity of heart, uninfluenced by any true principle of honour.

As to the complaints of the expences of our naval and military establishments, it is an admitted axiom in politics, that the surest way to obtain peace, is to convince the enemy of our strength.

Enemies, fertile in expedient, and heedless of the lives of their fellow-creatures, would omit no opportunity of invading us, were it only for the sake of plunder and robbery, by which they have long subsisted.

We are not, however, to wonder at their profligacy, when we find them disseminating the most pernicious doctrines; while, in our own country, at the same time that we have a zeal for true constitutional liberty, we forget not the duties of religion and morality.

While then we conduct ourselves with propriety, and shew to the world that the continuance of the ravages of war is attributable alone to Republican depravity, we need not despair of an honourable termination

mination to the difficulties in which we are involved. A conscious rectitude of conduct inspires the mind with ardor, and calling forth all the virtues of the soul, diffuses a warm glow of self-approbation which is armed against all the efforts of its enemies.

The State of the Finances of this country being of a nature so interesting to all ranks of individuals, I now embrace an opportunity of laying it before the Public.

Statement of the Finances, as reported by the Secret Committee, appointed by the House of Commons, on the Motion of the Rt. Hon. Wm. Pitt.

REPORT.

THE Funded Debt amounted before the War, viz. on the 5th of January 1793, in nominal capital, to £283,231,248, and the interest and charges, including £1,373,751 annuities for terms of years, amounted then to £9,325,866 exclusive of a sinking fund of £1,000,000.

Since the War, there has been funded (including the Navy Bills funded in this year, and the 18 million Loan which was intended to provide for the services of 1797) in sterling money £97,654,295, which has added to the Public Funded Debt, a further nominal capital of £130,666,896, and the interest and charges thereon, including £227,374 annuities

nuities for terms of years, amount to £4,914,615, exclusive of a sinking fund provided for £1,341,411 making together a present burthen from the War of £6,256,026.

It is worthy of remark, that the total sum funded on account of the War being £97,654,295, and the total interest and charges of management being £4,914,615, the average rate of interest and charges which has been paid for the sums raised for the War, is about 5 *per Cent.* of which interest, however, a part ought rather to be stated as Annuities which will expire—the interest may be considered as having been on the whole about 4½ *per Cent.*

The total nominal Debt before the War was, as before stated	£.238,231,248
Total nominal Debt added in consequence of the War, is	130,665,896

The total nominal Debt at the present time is 368,897,144

The total Interest before the War, including Annuities for Terms of Years, was	9,325,866
Add Sinking Fund	1,000,000
Total Interest added since the War, including Annuities for Terms of Years, is	4,914,615
Sinking Fund added	1,341,411

Total Interest of the present Funded Debt, including Annuities for Years, and Sinking Fund, and all Charges	16,581,892
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There is besides a Loan to the Emperor, for which this Country is Guarantee, amounting to	4,600,000
	TAXES.

TAXES.

The Select Committee of 1791, estimated the permanent Taxes then existing, deducting the amount of some which have been since taken off, on an average at £13,249,000

The same Taxes produced for 4 years before the War, on an average 13,831,000

The same Taxes have produced since the War, on an average, according to one mode of calculation of the present Committee, more by £530,000 *per Annum* than they were estimated at by the Committee of 1791, and less by £50,000 than they produced for the 4 years before the War. They have produced, according to another mode of calculation of the present Committee, more by £650,000 than they were estimated at by the Committee of 1791, and more by £60,000 than they produced for the 4 years before the War.

The following is a statement of the annual Taxes which were provided in order to defray the interest and charges of the Funded Debt of the three first years of the War, taking the produce of the Taxes as it stood in the year 1796.

The Taxes of 1793 amounted in 1796 to	
£248,633 on one calculation, and on another to	232,960
The Taxes of 1794, to £859,296, and on another calculation to	904,536
The Taxes of 1795, to	1,332,794

In all	2,470,290
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The Interest and Charges on the	
Funded Debt of 1793, were	252,812
Ditto of 1794	773,824
Ditto of 1795	1,227,415
	2,254,051
	Surplus

Surplus of Taxes laid in the three first years of the War, above the Interest and Charges, &c. on the Funded Debt of the same three years, which is applicable to the payment of the Interest of the present unfunded Debt, or other services (per annum)

£216,239

N. B. There is a further sum of £260,000 *per Annum*, which was supplied by permanent Taxes in 1791, as a standing provision for the interest of the floating Unfunded Debt of the country.

UNFUNDED DEBT, AND DEMANDS OUT-STANDING.

Unfunded Debt, arising from the Funds provided for them having proved insufficient . . .

£3,284,012

N. B. This has arisen from the circumstances of the stoppage of the Distilleries, Bounties paid on corn, and other causes not to be foreseen.

DEBT UNPROVIDED FOR, *viz.*

Exchequer Bills to Grenada and St. Vincent's, Merchants' Vote of Credit, Demands on Treasury, Treasury Bills, and Warrants for Army Services;

in all	£3,647,213
Extraordinaries of Army	3,387,476
Barracks	288,048
Ordnance	717,741
Unfunded Debt of Navy	4,610,246
Hanoverian and Brunswick Troops	91,174

12,736,908

Total Unfunded Debt

16,620,912

Exclusive of the anticipation of the Land and Malt Tax in the usual form, amounting to . . .

5,682,000

The Committee have compared the above Unfunded Debt and demands on the 5th of January, 1797, with the Unfunded Debt and demands before the War, *viz.* on the 5th of January, 1793.

In

In 1793, Unfunded Exchequer Bills were	£5,500,000
Treasury Account	685,596
Army Services	641,176
Ordnance	81,025
Navy Debt	3,344,397
	<hr/>
	10,252,194

The present Unfunded Debt, therefore, exceeds the Unfunded Debt before the War, by the sum of £5,768,378.

The anticipations in the usual form on the Land and Malt Tax were, in January, 1797, £2,765,000, and the same anticipations, in January, 1795, therefore, exceed those of 1793, by the sum of £2,917,000.

There was, however, in 1793, a Debt out-standing in Exchequer Bills for the expences of the Spanish Armament, of £1,213,000.

It is further to be stated in favour of the present situation of our Finances, that besides what may be due on monies impressed, and as balances of public accountants,

There is due for Advance from the Emperor, which we claim to have £1,420,000

Advance for relief of the Islands of Grenada and St. Vincent's, to be returned 910,000

Advance for provisions to the said Islands 140,000

Remitted in Specie to Ireland 52,500

A further Sum is to be advanced to the Merchants of Grenada and St. Vincent's, of 600,000

ESTIMATES.

The Estimates of Public Expences for the year ending January 5, 1798, on the supposition that the War continues, are as follow:—

Navy	£12,935,496
Exclusive of charge for neutral cargoes.	
C	Army

Army—ordinary expences	£6,897,958
Extraordinaries	4,137,000—11,034,958

N. B. The Extraordinaries of the Army are now, for the first time, brought forward, by way of Estimate, they having always before constituted a part of the charge of the succeeding year.

Barracks	449,076
Ordnance	1,321,024
Miscellaneous Services	1,149,843
For a Loan to the Emperor	500,000
Deficiency of Land and Malt	650,000
Towards the extinction of the National Debt, being so much annually added for that purpose by Parliament, exclusive of the Sinking Fund provided by Law	200,000
Vote of Credit	2,500,000
	<hr/> 30,440,398

WAYS AND MEANS.

Land and Malt	£ 2,750,000
Loan	18,000,000
Surplus of Grants	420,000
Growing produce of Consolidated Fund	1,075,000
	<hr/> 22,245,000
Exchequer Bills	5,500,000
Lottery	200,000—27,945,000

So that there remains to be provided for by a further Loan the Sum of 2,495,398
Exclusive of such sum as the Chancellor of the Exchequer may think proper to raise for the purpose of diminishing the Unfunded Debt, which appears to be on the whole, somewhere about 7 millions higher than on the 5th of January, 1793. It is material, however, in this place, again to remark, that a sum of £4,137,000 for Extraordinaries in the army, is provided for in the present year.

REDUC-

REDUCTION OF PUBLIC DEBT.

The annual Sum now applicable to that purpose consists of the Annual Million provided in 1786

£1,000,000

An annual Grant, which was first made by Mr. Pitt at the time of taking off some of the Duties from the Spanish Armament, and which, tho' not required by Law, has ever since been proposed by Mr. Pitt, for the sake of encreasing the Sinking Fund

200,000

Interest of the Capital already bought up

700,026

Annuities expired or fallen in

118,361

Amount of 1 per Cent. Sinking Fund created during the War

1,341,411

There is in all, therefore, a Sum annually to be applied for the reduction of the National Debt, which sum also is constantly accumulating in the way of compound interest, of

3,359,799

The nominal Capital Stock already purchased by the application of Mr. Pitt's Sinking Fund, is

23,334,000

It has been calculated, that the National Debt which existed before the war, (supposing it to be nominally 240 millions) will be cancelled, according to one calculation, in 33 years; and, according to another, in 54 years, assuming that the present Sinking Fund applicable to that purpose, with its accumulations, shall be continued to be so applied.

It is calculated that the nominal Debt of 130 millions contracted since the war, will be cancelled at a much earlier period than the above, assuming the Sinking Fund which is provided by Law for that purpose, and which is now applied thereto, shall continue to be so applied; for the new Sinking Fund bears a much larger proportion to the new Debt, than the old Sinking Fund does to the Debt existing before the War.

The

The sum requisite to complete the services of the present year, in addition to those voted in December last, is estimated at 18,000,000*l.* of which 1,500,000*l.* is to be advanced to the Government of Ireland, and 3,500,000*l.* to the Emperor of Germany, in case of a continuance of the war; the remaining 13,000,000*l.* is reserved for the service of this Country.

THE LOAN.

A LOAN to the above amount was completed on Monday, the 24th of April 1797, on the following terms:

ENGLISH AND IRISH LOAN OF 14½ MILLIONS

FOR EVERY £100 STERLING.

£.125 3 per Cent. Consols,	valued at 50½	£63 8 9
50 3 per Cent. Red.	50	25 0 0
20 4 per Cent.	63½	12 15 0
6s. 6d. Long Annuities	14½	4 12 6

£.105 16 3

IMPERIAL LOAN OF 3½ MILLIONS.

FOR EVERY £100 STERLING.

£.226 5 0 Imperial 3 per Cents, valued at £48 is £108 10s.

The above calculations were taken from the Market Price, on Saturday the 22d of April; but the Subscribers took the average prices of Stock as follows:

£125 Consols at 50.—50 Red. at 49.—20 4 per Cents. at 63.
6s. 6d. Long Ann. for 14 years.

To the above *bonus* is to be added a discount of 4 instead of 3 per Cent. for prompt payment, which makes the profit about 7*l.* 10s. per Cent.

The times of payment are as follow:

1st Payment, on the 28th of April, £.10—2d Payment, on the 29th of May, £10—3d Payment on the 21st of June, £15—4th Payment on the 18th of July, £10—5th Payment on the 5th

15th of August, £10—6th Payment on the 15th of September, £10—7th Payment on the 17th of October, £15—8th Payment on the 17th of November, £10—9th Payment on the 29th of December, £10.

It is provided, however, that if Parliament should not guarantee or think the Imperial Loan necessary, and that the money borrowed should be less than 18 millions, there is then to be a deduction of sixpence, Long Annuity in every 100l. capital, for every million borrowed less than 18.

The whole amount of the services for the present year, with the amount of the sums already voted for defraying them, and the amount of the sums remaining to be voted; with the ways and means by which these services have already been defrayed, and by which the remainder may be defrayed, will be found as follow:

For the Naval service of the current year there has been already voted the sum of 7,661,000l. in addition to which the Committee of Supply has voted 5,000,000l. more. The next head of service is the Army, upon which there has been already voted the sum of 10,913,000l. The accounts for Foreign Corps are not yet made out, but they soon will be, and there is reason to hope their expences will be less than were calculated in an original statement. There is reason to think this diminution will amount to one half; and that the sum of 370,000l. will be sufficient.

ORDNANCE.—For the Ordnance Departments there has been already voted the sum of 1,623,000l. and to which no addition is proposed: however since the estimates were made, a demand of 300,000l. to pay

pay Debentures for Stores supplied and services performed, has since come in for part of the Ordnance Expences, in the same manner as the Treasury Bills of 1,600,000*l*.

MISCELLANEOUS SERVICE.—The next branch of the Supplies is for defraying the expences of what is called the Miscellaneous Service, which includes the expences of Plantations, Convicts, &c. For this there has been already voted the sum of 378,000*l*. and a further sum of 929,000*l*. will be found necessary.

NATIONAL DEBT.—The next article of Supply is the annual provision for the discharge of the National Debt, of 200,000*l*.

DEFICIENCIES OF LAND AND MALT.—To this is to be added, the usual provision made for the deficiency of the produce of the taxes upon Land and Malt, to the amount of 350,000*l*.

REPAYMENTS TO THE BANK.—1,054,000*l*. is to be provided to repay the Bank for advances upon the growing produce of the Consolidated Fund, and 1,370,000*l*. to discharge Exchequer Bills issued on the credit of the Consolidated Fund for 1796, and paid also by the Bank.

FURTHER DEFICIENCIES OF LAND AND MALT. A further provision is proposed of 900,000*l*. to meet the deficiencies of Land and Malt not included in the estimate, but which may probably arise.

NAVY AND EXCHEQUER BILLS.—The next sum is 1,110,000*l*. voted in the Committee of Supply, for the discharge of Navy and Exchequer Bills.

CONSOLIDATED FUND.—A provision issued of 2,177,000*l.* to make good 3,500,000*l.* charged by an act of last session on the growing produce of the Consolidated Fund, for the service of the year 1796.

VOTE OF CREDIT AND LOAN TO THE EMPEROR.—There is only one other sum which remains to be stated, and that is a Vote of Credit to the amount of 3,000,000*l.* As 500,000*l.* has already been advanced to the Emperor, a further sum of 2,500,000*l.* is thought necessary, in order to make further advances, if approved of, as the time and exigencies may require.

The Sum total is computed at 44,966,000*l.*

TAXES.

Among the different branches which form the objects of taxation, there is one great source of productive revenue. This source is the general branch of the Stamp Duties, which for the last 15 years has been rapidly encreasing. But it is intended to exempt from the general tax all instruments that relate to law proceedings in Courts of Justice.

The duties on Stamps in general will be doubled. With respect to Transfers of Personal Property, where Stamps may be necessary to give it validity, over and above the duty upon this branch, there is to be some scale for Transfer, according to the amount of the property transferred.

There is to be a duty of 4*d.* in the pound on every 100*l.* in property sold by private contract; with a provision, respecting cases of distress.

A duty on authenticated copies of Deeds. These deeds, which are kept in different offices, have never any stamp upon them, it is only the original Deed which is stamped; therefore it is proposed that there shall be no copy of this kind without a stamp equal to that of the original.

Probates of Wills to be subject to Taxation, except those for sums under 300l.

An additional duty on Newspapers, of $1\frac{1}{2}$ d. and an increased duty on Advertisements.

A regulation of the Stamps on Attornies Certificates.

A duty on Plate manufactured for ornamental use.

A tax on carriages of all sorts, and on goods of all kinds conveyed by carriages passing thro' Turnpikes, where the tax is to operate by an increase of the tolls.

SUMMARY OF THE NEW TAXES.

The Consolidated Duties on Stamps in general doubled	£.320,000
Tax on Property transferred by Private Contract	170,000
Tax on Copies of Deeds	40,000
On Probates of Wills above the Sum of £.300	40,000
Addition of $1\frac{1}{2}$ d. on each Newspaper Stamp	114,000
Increased Duty on Advertisements	20,000
On Attornies Certificates	15,000
On Ornamental Plate	30,000
Duty equal to the Tolls on all Carriages passing through Turnpikes	450,000

Total £.1,199,000

Hence, in the midst of difficulties, we still are able to find such ample resources as those above stated. At the moment when we are struggling in a great contest—we still see the strength and powers which we possess; and we shall find the radical wealth and the ample means of this country fully sufficient to support us in every conjuncture of our affairs, and ultimately to restore us to that situation from which we have been removed for a time, by circumstances as extraordinary as they have been unavoidable.

Bank of England.

I NOW proceed to treat of the BANK ; which, in point of stability, and extent of circulation, may justly be pronounced the first in Europe. And as, in the natural world, there is a perpetual flow of waters, conveyed from different springs into one grand body; so is there, in the commercial world, an unremitted circulation of wealth, flowing and re-flowing, through different channels, into, and out of, that great and exhaustless source, the BANK OF ENGLAND.

But, before I enter on the subject of its opulence, its respectability, or its operations, I shall necessarily say a few words of its origin.

The *Bank of England* was established in 1694, by an act of the fifth and sixth of William and Mary. A commission was granted to take subscriptions for the sum of twelve hundred thousand pounds of any persons, foreigners as well as natives. They were incorporated, and their charter of incorporation was executed the same year, setting forth that, there should be a Governor, Deputy-governor, and twenty-four Directors.

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Their chief business is the advancing of money for public use, on the authority of Parliament, the issuing of notes for cash, the paying the interest of Government-securities, the discounting of bills, and the dealing in bullion, or gold and silver in the mass; upwards of £1000,000,000 of which have been imported into Europe within about three centuries.

By an Act of Parliament passed the 8th and 9th year of William III. they were empowered to enlarge their capital stock to £2,201,171, 10s. By another act, passed in the 7th of Queen Anne, they were enabled to augment their capital to £4,402,343; and they then advanced £400,000 more to Government. In 1714, they advanced another loan of £1,500,000.

In the third year of the reign of king George I. the interest in their capital stock was reduced to five *per cent.* when the Bank agreed to deliver up as many Exchequer bills as amounted to £2,000,000, and to accept an annuity of £100,000; and it was declared lawful for the Bank to call for their members, in proportion to their interests in the capital stock, such sums of money as in a General Court should be found necessary. If any member should neglect to pay his share of the monies so called for, at the time appointed, by notice in the London Gazette, and fixed upon the Royal Exchange, it should be lawful for the Bank not only to stop the dividend of such member, and to apply it towards pay-
ment

ment of the money in question, but also to stop the transfers of the shares of such defaulter, and to charge him with an interest of five *per cent. per annum*, for the money so omitted to be paid; and if the principal and interest should be three months unpaid, the Bank should then have power to sell so much of the stock belonging to the defaulter as would satisfy the same.

After this, the Bank reduced the interest of the £2,000,000 lent to Government, from five to four *per cent.* and purchased several other annuities, which were afterwards redeemed by Government, and the debt due to the Bank was reduced to £1,600,000.

But in 1742 the Company engaged to supply Government with £1,600,000, at three *per cent.* which is now called the *Three per Cent. Annuities*; so that Government was now indebted to the Company £3,200,000, the one half bearing four *per cent.*, and the other three *per cent.*

In 1746, the Company agreed that the sum of £986,800, due to them in Exchequer bills unsatisfied, on the duties for licences to sell spirituous liquors by retail, should be cancelled, and that they would, in its stead, accept of an annuity of £39,442, the interest of that sum, at four *per cent.*

The Company also agreed to advance £1,000,000 into the Exchequer, upon the audit of the duties arising from the malt and card tax, at four *per cent.*

for Exchequer-bills, to be issued for that purpose; by which they were enabled to augment their capital with £986,800; the interest of which, as well as that of the other annuities, was reduced to three and an half *per cent.* till December 25, 1757, and from thence to bear only three *per cent.*

In order to enable them to circulate the said bills, they established what is now called *Bank Circulation*; that is, the Company of the Bank are obliged to keep cash sufficient not only to answer the common, but also any extraordinary demand that may be made upon them; and whatever money they may have by them, over and above the sum supposed necessary for these purposes, they employ, in what may be called the *trade of the Company*; that is to say, discounting bills of exchange, in buying of gold and silver, and in Government securities, &c. But when the Bank entered into the above-mentioned contract, as they did not keep unemployed larger sums of money than they deemed necessary to answer the ordinary and extraordinary demands, they could not conveniently take out of their current cash so large a sum as a million, with which they were obliged to furnish Government, without either lessening that sum they employed in discounting, buying gold and silver, &c. (which would have been very disadvantageous to them) or inventing some method that should answer all the purposes of keeping the million in cash. The method

method which they chose, and which fully answered their end, was the following :

They opened a subscription, which they renew annually, for a million of money ; wherein the subscribers advance 10 *per cent.* and enter into a contract to pay the remainder, or any part thereof, whenever the Bank shall call upon them, under the penalty of forfeiting the ten *per cent.* so advanced ; in consideration of which the Bank pays the subscribers four *per cent.* interest for the money paid in, and one-fourth *per cent.* for the whole sum they agree to furnish ; and, in case a call shall be made upon them for the whole, or any part, the Bank further agrees to pay them, at the rate of five *per cent. per annum*, for such sum, till they repay it, which they are under an obligation to do at the end of the year : and, though the subscribers, if no call be made upon them, (which is generally the case) receive six and an half *per cent.* for the money they advance, yet the Company gain £23,500 *per year* by the contract, as will appear by the following statement :

The Bank receives from Government, for the advance of a million £30,000

It pays the subscribers, who advance £100,000, and engage to pay (when called for) 900,000 more 6,500

The clear gain to the Bank therefore is £23,500

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This is the state of the case, provided the Company should make no call on the subscribers; which they will be very unwilling to do, because it would not only lessen their profit, but affect the public credit in general.

Bank-stock may not improperly be called a *trading-stock*, since with this they deal very largely in foreign gold and silver, in discounting bills of exchange, &c. Besides which, they are allowed by Government very considerable sums, annually, for the management of the annuities paid at their office.

Hence, I think, we may conclude, the stability of the Bank of England to be equal to that of Government. It acts not only as a common Bank, but as a grand engine of state; receiving and paying the greater part of the annuities which are due to the creditors of the public; circulating Exchequer-bills, and advancing to Government the annual amount of the land and malt taxes.

The Bank of England, it is well known, has, on several occasions, supported the credit of the principal houses of Holland and Hamburgh, as well as those of England. In the short space of one week it advanced no less a sum than £1,600,000.

One memorable instance of the stability of this Bank occurred in the year 1720. At the opening of the session of Parliament, King George I. recommended

mended the reduction of the national debt, which amounted to more than £14,000,000. A scheme was accordingly formed for reducing all the public funds into one, for the purpose of discharging the whole. The plan was projected by Sir John Blount, a Director of the South Sea Company, and the Ministry taking it into consideration, approved and adopted it. The South Sea Company offered to the House of Commons the sum of £3,500,000, for the privilege of taking in all the irredeemable debts, amounting almost to £800,000 *per annum*, and likewise the redeemable debts then at the Bank, and the Exchequer, mostly bearing five *per cent.* interest, either by purchase from the proprietors, or by subscriptions into their capital stock. This mode of increasing their capital exciting the jealousy of the Bank of England, the Directors of that wealthy body offered to give more than £5,000,000 for the same privilege. In the course of a long and spirited rivalry between the two Companies, that of the South Sea, after offering to incorporate all the funds of the Bank, East India Company, and Exchequer, into their own capital, as well as four years and a half purchase upon all annuities they should take into their capital, further offered to circulate £1,000,000 of Exchequer-bills gratis, and to pay three *per cent.* for that million, as well as a year's purchase of such annuities as should be subscribed into the Company's capital

capital in 14 months. This proposal was adopted, and a bill was ordered to be brought into the House of Commons for that purpose; and, passing both Houses, it received the royal assent.

The advantages held out to the Public, as the result of this agreement with Government, spread a general infatuation; nothing was talked of but the grand approaching trade to the South Seas, and shares of the Company's stock were sold at even double the sum that had been paid in. Rapidly, however, as this stock had risen, so did it as rapidly fall; for, within the year, the difference of price was more than £800 *per cent.* in the space of three weeks only. The Company finding their stock thus sink in value, caused a report to be circulated that Gibraltar and Port Mahon were to be given up to the Spaniards, in exchange for a large district in Peru, where the English commerce to the South Seas would be enlarged and protected. This report, spread with equal policy and industry, inspired such ideas of gain, that £2,000,000 of original stock were subscribed soon after the close of the session of parliament; and the Company's stock rose to upwards of £1000 *per cent.* The rage of *Stock-jobbing* now occupied almost every mind: but the delusion was soon over. The South Sea commerce was far from being sufficient to answer their sanguine expectations: stocks dropped to an alarming degree; at length

length no cash appeared; no dividends were paid; and the disappointed adventurers had nothing but poverty before their eyes.

This shock strengthened, invigorated, and extended the credit of the Bank of England; the rebellion, however, of 1745, frightened so many people, that it caused a great run on the Bank; upon which several eminent Merchants of London, considerable traders, and proprietors of the public funds, met about noon at Garraway's Coffee-house, and with the utmost alacrity came to the following agreement, for supporting the public credit:

Thursday, Sept. 26, 1745.

"We, the undersigned, Merchants and others, being sensible how necessary the preservation of public credit is at this time, do hereby declare that we will not refuse to receive Bank-notes in payment of any sum of money to be paid to us; and we will use our utmost endeavours to make all our payments in the same manner;"—and by four next afternoon 1140 had signed it.

Thus, we find, the Merchants of that period, like those of the present, standing nobly forward in support of that Bank, which was mutually the support of themselves, and of society at large.

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With regard to present circumstances, upon the representation of the Chancellor of the Exchequer, stating, that from the result of information which he had received, and of enquiries which he had made, respecting the effect of the unusual demands for specie, it appeared that unless some measure was taken immediately, there might be wanting a sufficient supply of cash to answer the exigencies of the public service; it had, therefore, been the unanimous opinion of a Board of Council, held at Whitehall, on the 26th of February, that it was necessary that the Directors of the Bank should forbear issuing any cash in payment, until the sense of Parliament could be taken on the subject, and proper measures adopted thereon for maintaining the means of circulation, and supporting the credit of the country; and that a copy of the minute should be transmitted to the Directors of the Bank. In consequence of this, the following public information came from that respectable body :

“ BANK OF ENGLAND, Feb. 27, 1797.

“ In consequence of an order of His Majesty's Privy Council, notified to the Bank last night,

“ THE Governor, Deputy-governor, and Directors of the Bank of England, think it their duty to inform the proprietors of Bank-stock, as well as the Public at large, that the general concerns of the Bank

Bank are in the most affluent and prosperous situation, and such as to preclude every doubt as to the security of its notes.

"The Directors mean to continue their usual discounts for the accommodation of the commercial interest, paying the amount in Bank-notes, and the dividend-warrants will be paid in the same manner.

FRANCIS MARTIN, *Secretary.*"

Mr. Pitt then brought to the House of Commons, a message from the House, importing, that his Majesty "had thought proper to communicate to that House the measures adopted to obviate the effects that might be occasioned by the unusual demand of specie lately made from different parts of the country. In recommending this important subject to the attention of the House, his Majesty relied on the wisdom and firmness of his Parliament for taking such measures as might be best calculated to meet any temporary pressure, and to call forth, in the most effectual manner, the extensive resources of his kingdoms, in support of their public and commercial credit, and in defence of their dearest interests."

It has been clearly evinced, that there is not even the shadow of a doubt with respect to the solidity and capability of the Bank to answer all the demands of its creditors. As to the degree of satisfaction proper to be obtained with regard to the grounds of necessity, on which the measure of Government has been

adopted, it was a subject of enquiry of so critical and delicate a nature, that, consistent with public safety, it could not be pushed to too great a particularity or minuteness of detail; it was therefore judged necessary that the business should be confided to a Secret Committee of the House of Commons; this was done, and the following report was made by them:

“THE Committee appointed to examine and state the total amount of outstanding demands on the Bank of England, and likewise of the funds for discharging the same, and to report the result thereof to the House, together with their opinion on the necessity of providing for the confirmation and continuance, for a time to be limited, of measures taken in pursuance of the Minute of Council on the 26th of February last, and who are empowered to report their proceedings from time to time to the House; have, pursuant to an order of the House, proceeded to examine into the several matters referred to their consideration, and have unanimously agreed upon the following Report, viz.

“Your Committee have examined the total amount of outstanding demands on the Bank of England, and likewise of the funds for discharging the same; and think it their duty, without loss of time, to state those total amounts, and to report the result thereof to the House.

“Your

" Your Committee find, upon such examination, that the total amount of outstanding demands on the Bank, on the 25th day of February last (to which day the accounts could be completely made up) was £13,770,390, and that the total amount of the funds for discharging those demands (not including the permanent debt due from Government, of £11,686,800, which bears an interest of three *per cent.*) was on the same 25th day of February last £17,597,280, and that the result is, that there was on the 25th day of February last a surplus of effects belonging to the Bank beyond the amount of their debts, amounting to the sum of £3,826,890, exclusive of the above-mentioned permanent debt of £11,686,800, due from Government.

" And your Committee further represent, that since the 25th of February last, considerable issues have been made by the Bank in Bank-notes, both upon Government securities, and in discounting bills, the particulars of which could not be immediately made up; but as those issues appear to your Committee to have been made upon corresponding securities, taken with the usual care and attention, the actual balance in favour of the Bank did not appear to your Committee to have been thereby diminished."

In the course of debates in the House of Commons upon this important business, in which all the powers of eloquence, all the force of declamation
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against Ministers, were displayed, but which were overthrown by the most sound and persuasive arguments, enriched with truth, and graced with oratory, the following interesting document was laid on the table;

BANK OF ENGLAND, March 9, 1797.

An Account of the Amount of Money advanced for Public Service by the Bank of England, and outstanding to the 25th of February, 1797.

On Land Tax 1794,	141,000	
Do. . 1795,	312,000	
Do. . 1796,	1,624,000	
Do. . 1797,	2,000,000	
	<hr/>	4,077,000 0 0
Malt . 1794,	196,000	
Do. . 1795,	158,000	
Do. . 1796,	750,000	
Do. . 1797,	750,000	
	<hr/>	1,854,000 0 0
Consolidated Fund 1796,	1,323,000	
Vote of Credit } 1796,	821,400	
for 2,500,000l. }		
	<hr/>	2,144,400 0 0
		<hr/>
Exchequer Bills without Interest .		8,075,400 0 0
		376,739 0 9
		<hr/>
Treasury Bills of Exchange . .		8,452,139 0 9
		1,512,274 2 3
		<hr/>
		£.9,964,413 3 0

A. NEWLAND, *Chief Cashier.*

Before I say any thing farther respecting the stability of the Bank of England, I shall, with pride and pleasure, remark upon the laudable conduct of our Merchants and Bankers, who met on the 27th of February, at the Mansion House, (the Lord Mayor in the chair,) and came to the following resolution :

“ RESOLVED UNANIMOUSLY,

“ THAT we, the undersigned, being highly sensible how necessary the preservation of Public Credit is at this time, do most readily hereby declare, that we will not refuse to receive Bank-notes in payment of any sum of money to be paid to us, and we will use our utmost endeavours to make all our payments in the same manner.”

The above resolution had soon the signatures of upwards of 10,000 respectable names.

Who then, possessing common-sense, can entertain any doubts or fears about the Bank of England ?

The circumstance of a few miserable Frenchmen landing in Wales, diffused an apprehension of a general invasion; and a number of weak-minded people withdrew their property from the very place of the greatest security.

It should seem that in the natural state of human kind, there reigns a kind of epidemic madness, which,

which, from being first partial, becomes general, and then universal: and there surely is no country in the world where it so frequently occurs as in our own.

Upon the Bank's stopping payment of cash, some people, to my knowledge, were stupid enough to part with their Bank-paper for less than its value.

Payment in notes, prior to the late stoppage of money, has always been preferred to payment in cash; and, in the receipt of dividends, BANK-PAPER was preferred, as far more convenient in all respects than cash.

With regard to the present circulation of Bank-notes, no persons whatever will refuse them, except very ignorant people, or very bad people: among the latter, I rank those whose Jacobinical principles lead them to rejoice in any national calamity; not that I consider the stoppage of cash at the Bank as a calamity, but a measure of the greatest prudence.

A gentleman, soon after the small Bank-notes were issued, tendered one of them at a capital inn in the centre of the city, to pay his passage in the stage, to some part of the country. The note, however, was rejected; and the gentleman was obliged to apply to a friend at a small distance to get cash, or he must have lost his passage, though his business was of the utmost importance. The re-

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jector of such note deserved to be considered in no other light than that of a private enemy to Government.

With regard to paper circulation, NOTES have been for ages the grand instruments of commerce. The original title of single notes or bills, was *bill of debt*, which was a bond both signed and sealed; and the earliest period of its circulation was about the end of the sixteenth century.

In 1641 there were several different forms for bills, operating as transferrable instruments; and though the words OR ORDER were not then used, (and which, for both brevity and convenience sake, have been since introduced,) yet if the person to whom it was paid put his receipt upon it in due form, the debt became transferrable.

So far back as 1622, *bills of debt* were circulated at Amsterdam, Middleburgh, Hamburgh, and other parts of the globe, but not in England; and the author of *Lex Mercatoria*, published that year, recommended the institution of such a mode in this country.

In 1651, a Notary-public, of the name of Manus, wrote upon the same subject, and in warm terms recommended the adoption of it in England.

If, at so late a period as the Restoration, this important and laudable custom was not adopted, how

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surprising may it not appear that so prodigious a system should have started up in so short a time !

I shall make a few farther remarks upon that Palladium of Public Safety, the *Bank of England*, which, like the unperishable cedar, will never cease to thrive; and, as the spreading branches of the latter shew beautifully their upper surface, so do the interior parts of the former glitter with unrivalled splendor !

The Company of the Bank of England generally secure a third of their capital in cash: their full capital is about £15,000,000 and a half sterling. To their prudently securing a third part, we may attribute the admirable regularity of their business.

The absolute property of the Bank being considerably superior to every demand that can be made upon it, the stoppage of payment in gold coin, so far from being attended with any bad consequence, will prove to manufactures, commerce, government, public credit, and property, a most essential service. The Committee of the House of Commons having ascertained the Bank to be possessed of a surplus amounting to about £15,000,000 and a half sterling more than what is due to the public creditors, will substantiate this credit upon the broadest basis; and the circulation of small Bank-notes, with regard to external commerce, will operate most effectively to check large quantities of specie being exported from
this

this country to France and other countries, where it could not re-produce an adequate advantage in purchasing raw materials essential to our manufactures or other commodities that we may have re-exported, and, after employment of shipping, and payments of duties, returned us a considerable surplus of foreign specie. In this point of view, the stoppage of the Bank may be considered a most essential preservation of our specie, and benefit to the trade, and, consequently, to the resources of the country. By thus having timely secured our specie from being prematurely drained into the coffers of a people whose system is to employ it, if possible, in our destruction, we have effectually baffled their designs, and fettered their energies.

The issuing of Notes from the Bank as a legal tender, is to continue in force till the 24th of June, 1797, and there is a clause in the Indemnity Bill which provides, that the Governor and Directors of the Bank shall be restrained from issuing Notes of less value than Twenty Shillings.

At a General Court of Proprietors, held at the Bank on the 31st of March, the Governor informed them that he had received a letter from Mr. Pitt, soliciting a loan of £600,000 on the credit of Exchequer Bills, which should be repaid out of the first receipts of a new Loan about to be made. A motion for lending the above sum to Government being then put

put, it was carried with only five dissentient voices.

From what I have above observed, my Readers will be convinced, that no form or establishment whatever can be more founded on principles of solid and substantiated property than that of the Bank of England. This will re-animate the languid, comfort the desponding, inform the ignorant, correct the prejudiced, and unembarrass those who were lost in the maze of their own perplexities, excited by not having sufficient information to direct their opinions. For I will venture to affirm, that the vast and sudden demand for cash from the Bank, was not attended with any circumstance which could either imply an incapacity to pay, or the calamitous state of our affairs. The rate of foreign exchange was never more prosperous or flourishing than it is at present. The necessity of stopping payment in cash, arose merely from an unexpected rapid demand beyond the ordinary average.

Finis.

